

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

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**ATATEKS FOREIGN TRADE LTD, JORDAN
and ATATEKS DIS TICARET A.S.,**

Plaintiffs,

-against-

**PRIVATE LABEL SOURCING, LLC
and SECOND SKIN, LLC,**

Defendants.
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Index No. 07 Civ. 6665 (HB)

**REPLY DECLARATION OF JOHN HUBER, III, C.P.A.
IN SUPPORT OF MOTION FOR PARTIAL SUMMARY
JUDGMENT DISMISSING DEFENDANT SECOND SKIN, LLC**

JOHN HUBER, III, C.P.A. hereby declares subject to the penalties of perjury pursuant to 28 U.S. C. § 1746:

1. I am and have been since November 1984 a certified public accountant licensed in the State of New Jersey. I am in private practice as an accountant; my firm is Mango & Huber, LLC, located in Westfield, New Jersey. I am a member of the New Jersey Society of Public Accountants. Mango & Huber, LLC is the outside accounting firm for Private Label Sourcing, LLC and Second Skin, LLC, the named defendants in this case. I am fully familiar with the tax returns and accounts of those two companies.

2. I have been asked to review and I have reviewed the Plaintiff's papers in opposition to Defendants' motion for partial summary judgment because in Plaintiff's papers, there is no accountant's testimony but still the attorney for Plaintiff uses the word "insolvency" based on the attorney's review of the tax returns of Private Label Sourcing, LLC without any reference to accounting or legal standards. The

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word "insolvency" has an accounting meaning but accounting "insolvency" does not establish a legal status and does not establish that a company needs to go out of business.

3. As a matter of accountancy, the word "insolvency" is generally defined as a financial state in which a company can no longer pay its bills and other obligations on time. Accounting "insolvency" is very likely to occur when liabilities, or debts, exceed assets and generated cash flow. Once a company becomes "insolvent" as an accounting matter, it will need to take action to generate cash and settle or renegotiate current debts. Still, as a matter of business, accounting "insolvency" does not establish a legal status, and companies can be "insolvent" as an accounting matter and yet continue to conduct business. "Insolvency" conditions may also be temporary and fixable without legal protection from creditors. On the other hand, "insolvency" may cause companies to face bankruptcy proceedings, receivership, or liquidation of all assets.

4. In looking at the balance sheets of Private Label Sourcing, LLC at December 31, 2003 to December 31, 2006, each year the company's liabilities exceeded assets by the following amounts:

2003	\$117,900
2004	216,322
2005	1,151,124
2006	1,982,186

Although Private Label has remained "insolvent" using an accounting definition, the company has remained in business through today.

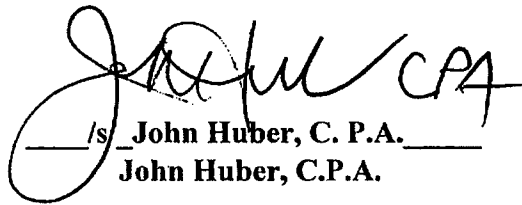
5. Second Skin, LLC did not exist before 2005. Attached as Exhibit A is a copy of the 2005 tax schedule for Second Skin, LLC, showing \$77,030 as net profit; and attached as Exhibit B is a copy of the 2006 tax schedule for Second Skin, LLC, showing \$19,202 as net profit. The income shown in these tax

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filings indicate that the income would not have materially changed the financial situation of the Private Label Sourcing, LLC, as the amount of 2005 net profit of Second Skin, LLC was 6.7% of the excess of liabilities over assets at Private Label Sourcing, LLC and the amount of 2006 income of Second Skin, LLC was 1% of the excess of liabilities over assets at Private Label Sourcing, LLC. Even if gross receipts of Second Skin, LLC were incorrectly used, the amount of 2005 gross receipts of Second Skin, LLC was 15% of the excess of liabilities over assets at Private Label Sourcing, LLC and the amount of 2006 gross receipts of Second Skin, LL was 7% of the excess of liabilities over assets at Private Label Sourcing, LLC.

I declare under the penalty of perjury that the foregoing is true and correct.

Dated: New York, New York
June 16, 2008

CPA
_____/s/ John Huber, C. P.A._____
John Huber, C.P.A.